# GOVERNMENT OF INDIA
# AGRO AND RURAL INDUSTRIES
# LOK SABHA

STARRED QUESTION NO:553
ANSWERED ON:04.05.2005
INCREASED FOCUS ON KHADI AND VILLAGE INDUSTRIES
Ponnuswamy Shri E.

**Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:**

(a) whether the Government proposes to take initiative to sharpen its focus on the Khadi and Village industries sector to increase rural employment;

(b) if so, the details thereof;

(c) the funds allocated therefor and the employment opportunities likely to be generated therefrom; and

(d) the efforts being made by the Government for promotion of export of Khadi products?

## Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)to(d): A statement is placed on the Table of the Sabha.

STATEMENT REFERRED TO IN PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 553 TO BE ANSWERED ON 04.05.2005.

(a)&(b): To increase rural employment opportunities in khadi and village industries (KVI) sector, the Government has been implementing the Rural Employment Generation Programme (REGP), a credit-linked subsidy programme, through the Khadi and Village Industries Commission (KVIC). Under this programme, an entrepreneur can establish a village industry by availing of margin money assistance from the KVIC and loans from public sector scheduled commercial banks, selected regional rural banks, co-operative banks, etc., for projects with a maximum cost of Rs. 25 lakh.

Other schemes being implemented through the KVIC for promotion of khadi and village industries and increasing employment in rural areas include Interest Subsidy Eligibility Certificate Scheme (ISEC) for providing bank loans to KVI units at subsidised rates of interest, rebate on sale of khadi products, assistance to KVI units in marketing their products, setting up of Confederation for Promotion of Khadi and Village Industries (CPKVI) for strengthening the marketing networks of the KVI products, Rural Industries Service Centres (RISCs) for setting up of common facility centres (CFCs), Product Development, Design Intervention and Packaging (PRODIP) Scheme for improved designs and packaging, etc.

Besides, the Government has been implementing the Prime Minister`s Rozgar Yojana (PMRY), in both rural and urban areas for providing self-employment opportunities to educated unemployed youth. This too is a credit-linked subsidy scheme under which an estimated 50 per cent of the units come in the rural areas. The scheme is implemented through the District Industries Centres of the States and Union Territories, with the loans being provided by banks.

(c): During 10th Plan period, a Plan outlay of Rs. 1177.60 crore has been indicated for the REGP for generating 25 lakh additional employment opportunities. During the first three years of the 10th Plan (2002-03 to 2004-05), a sum of Rs. 800.62 crore has already been utilized for this and 8.32 lakh employment generated up to 2003-04. The final figures of employment generated during 2004-05 are not yet available. A sum of Rs. 412 crore has been proposed in the budget estimates, 2005-06 for generating 5.5 lakh employment opportunities. Under PMRY, 10th Plan outlay of Rs. 750 crore has been indicated for generating 16.5 lakh additional employment opportunities. During the first three years of the 10th Plan (2002-03 to 2004-05), a sum of Rs. 554.10 crore has already been utilized and 6.93 lakh employment generated up to 2003-04. The final figures of employment generated during 2004-05 are not yet available. A sum of Rs. 218.50 crore has been proposed in the budget estimates 2005-06 for generating 3.75 lakh employment opportunities.

(d): For promotion of export of khadi and village industry products, the KVIC provides cash incentives to the registered exporting institutions and individual entrepreneurs at the rate of 5 per cent of the `free on board` (FOB) value of exported items. In addition, KVIC provides financial assistance to its registered units/institutions for participation in international exhibitions, study tours and publicity.